



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1676

DATE: June 3, 2106

TO: Iowa Medicaid Nursing Facilities (NF), Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID), Psychiatric Medical Institutions for Children (PMIC), Pharmacies and Managed Care Organizations (MCOs)

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Pharmacy Point of Sale (POS) - Nonprescription or Over-the-Counter (OTC) Drugs

EFFECTIVE: July 18, 2016

[Informational Letter No. 1654](#)¹ dated March 30, 2016, relayed the Iowa Administrative Code (IAC) rule amendment indicating the cost of nonprescription drugs for use by members in, NFs, ICF/IDs, and PMIC facilities would be allowable on the Medicaid cost report and be reimbursed through per diem calculations beginning July 1, 2017, for Medicaid Fee-for-Service (FFS) claims. The letter also stated that effective immediately the IME would no longer pay pharmacy providers for the cost of nonprescription drugs.

This letter provides additional clarifications as follows:

1. Nonprescription drug exclusions to this policy are as follows:
 - a. OTC Insulin: Bill the dual eligible member's Medicare Part D plan. For the Medicaid only member, bill Medicaid as a POS claim.
 - b. Pseudoephedrine: Since this is classified as controlled substances in Iowa, for the dual eligible and Medicaid only member, bill Medicaid as a POS claim.
2. Pharmacy POS Rejection: Effective July 18, 2016, nonprescription drugs for use by members in, NFs, ICF/IDs, and PMIC facilities submitted through Pharmacy POS will reject. The National Council for Prescription Drug Programs (NCPDP) rejection message from Iowa Medicaid will be as follows:

70 PRODUCT/SERVICE NOT COVERED - Product Not Covered by Plan

If you have any questions regarding Medicaid cost reporting, please contact the IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610, or email at costaudit@dhs.state.ia.us. If you have questions related to Pharmacy POS claims processing, please contact the Pharmacy POS Helpdesk at 877-463-7671 or 515-256-4608 (local in Des Moines) or email info@iowamedicaidpos.com.

¹ https://dhs.iowa.gov/sites/default/files/1654_Nonprescription_Over-the-CounterDrugs_0.pdf